

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:
THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**This filing relates to the
Commonwealth, HTA, and ERS.**

**REPLY OF THE COMMONWEALTH OF PUERTO RICO, PUERTO RICO
HIGHWAYS AND TRANSPORTATION AUTHORITY, AND EMPLOYEES
RETIREMENT SYSTEM OF THE GOVERNMENT OF THE COMMONWEALTH OF
PUERTO RICO TO RESPONSES FILED BY CLAIMANTS NELSON SANABRIA CRUZ
[ECF NO. 13139] AND YESSENIA VELAZQUEZ PEREZ [ECF NO. 13195] TO ONE
HUNDRED NINETY-FOURTH OMNIBUS OBJECTION (NON-SUBSTANTIVE) TO
SATISFIED CLAIMS**

To the Honorable United States District Judge Laura Taylor Swain:

The Commonwealth of Puerto Rico (the “Commonwealth”), the Puerto Rico Highways and Transportation Authority (“HTA”), and the Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS,” and together with the Commonwealth and HTA,

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the “Commonwealth”) (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (vi) Puerto Rico Public Buildings Authority (“PBA”, and together with the Commonwealth, COFINA, HTA, ERS, and PREPA, the “Debtors”) (Bankruptcy Case No. 19-BK-5532-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

the “Debtors”), by and through the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as the representative of the Commonwealth, HTA, and ERS pursuant to Section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”),² files this reply (the “Reply”) in response to the *One Hundred Ninety-Fourth Omnibus Objection (Non-Substantive) of the Commonwealth of Puerto Rico, Puerto Rico Highways and Transportation Authority, and Employees Retirement System of the Government of the Commonwealth of Puerto Rico to Satisfied Claims* [ECF No. 12867] (the “One Hundred Ninety-Fourth Omnibus Objection”). In support of this Reply, the Commonwealth respectfully represents as follows:

1. On April 17, 2020, the Debtors filed the One Hundred Ninety-Fourth Omnibus Objection seeking to disallow claims that purported to assert liability against the Debtors based on an allegedly owed tax refund or an allegedly unpaid invoice, for which the records of the Commonwealth and its Department of the Treasury show that each has been paid in full (collectively, the “Satisfied Claims”), each as listed on Exhibit A thereto.

2. Any party who disputed the One Hundred Ninety-Fourth Omnibus Objection was required to file a response by 4:00 p.m. (Atlantic Standard Time) on May 19, 2020, in accordance with the Court-approved notice attached to the One Hundred Ninety-Fourth Omnibus Objection as Exhibit C, which was served in English and Spanish on the individual creditors subject to the One Hundred Ninety-Fourth Omnibus Objection, the U.S. Trustee, and the Master Service List (as defined in the *Eleventh Amended Case Management Order* [ECF No. 11885-1]). *See Certificate of Service* [ECF No. 12950].

² PROMESA is codified at 48 U.S.C. §§ 2101-2241.

3. The following responses addressing the One Hundred Ninety-Fourth Omnibus Objection remain outstanding:

- A letter [ECF No. 13139] (the “Sanabria Cruz Response”) filed by claimant Nelson Sanabria Cruz (“Sanabria Cruz”), and
- A letter [ECF No. 13195] (the “Velazquez Perez Response,” and together with the Sanabria Cruz Response, the “Responses”) filed by claimant Yessenia Velazquez Perez (“Velazquez Perez,” and together with Sanabria Cruz, the “Claimants”).

I. The Sanabria Cruz Response

4. Sanabria Cruz filed a claim against the Commonwealth on March 22, 2018, and it was logged by Prime Clerk as Proof of Claim No. 21119 (the “Sanabria Cruz Claim”). Because the Sanabria Cruz Claim purports to assert \$1,222 in liabilities arising from goods or services provided to the government, \$1,200 in secured liabilities, and \$1,222 in liabilities entitled to administrative priority pursuant to 11 U.S.C. § 503(b)(9), Prime Clerk, LLC docketed the claim as asserting a total of \$3,644 in total liabilities. However, Box 8 of the Sanabria Cruz Claim, which asks creditors to provide the total amount of the claim, asserts only \$1,222 in total liabilities. Further, the only basis listed in the Sanabria Cruz Claim for any of the asserted liabilities is “reembolso del impuesto,” or tax refund. The Commonwealth’s records indicate that a direct deposit of \$1,222.00 was made to Sanabria Cruz on August 1, 2017, in respect of Sanabria Cruz’s tax refund for the 2017 tax year.

5. The Sanabria Cruz Response, a Spanish-language letter, dated May 13, 2020, filed with the Court on May 15, 2020 [ECF No. 13139], does not dispute that Sanabria Cruz’s 2017 tax refund was paid. In fact, the response acknowledges that Sanabria Cruz received “a refund from my 2017 income tax return.” The Sanabria Cruz Response also attaches a portion of Sanabria Cruz’s bank account statement, reflecting a payment from the Commonwealth’s Department of Treasury in the amount of \$1,222.00 on August 1, 2017. Although the Sanabria Cruz Response

states that “the total of \$3,644.00 . . . has not been satisfied,” neither the Sanabria Cruz Claim nor the Sanabria Cruz Response provides any basis for an assertion of liabilities in the amount of \$3,644.00. Accordingly, to the extent the Sanabria Cruz Claim seeks to assert liabilities of \$1,222.00 arising from an alleged 2017 tax refund, the claim has already been satisfied, because as the Sanabria Cruz Response demonstrates, payment of the alleged 2017 tax refund has already been made. To the extent the Sanabria Cruz Claim seeks to assert an additional \$2,422 in liabilities, the claim is deficient because it has not provided information sufficient to enable the Debtors to reconcile the claim, such as any explanation or basis for the liabilities allegedly asserted.

II. The Velazquez Perez Response

6. Velazquez Perez filed a claim against HTA on March 19, 2018, and it was logged by Prime Clerk as Proof of Claim No. 2838 (the “Velazquez Perez Claim,” and together with the Sanabria Cruz Claim, the “Claims”). The Velazquez Perez Claim asserts liabilities in the amount of \$1,708.00, but does not provide a basis for the liabilities asserted. The Commonwealth’s records show that on June 27, 2017, a tax refund payment in the exact amount asserted by the proof of claim was made via direct deposit to a recipient with the same name as Velazquez Perez.

7. The Velazquez Perez Response, a Spanish-language letter, dated May 13, 2020, filed with the Court on May 19, 2020 [ECF No. 13195], does not dispute that this direct deposit was paid. In fact, the Velazquez Perez Response attaches a copy of a portion of Velazquez Perez’s bank account statement, reflecting a payment from the Commonwealth’s Department of Treasury in the amount of \$1,708.00 received by the bank on June 28, 2017. The Velazquez Perez Response also acknowledges that this bank account statement contains “a similar deposit . . . for that date,” but, nonetheless opposes the One Hundred Ninety-Fourth Omnibus Objection because the “deposits, dates, and name of the debtor do not match the proof in the account statement”

However, the amount of the deposit exactly matches the amount asserted in the Velazquez Perez Claim.³ Accordingly, to the extent the Velazquez Perez Claim seeks to assert liabilities of \$1,708.00 arising from an allegedly unpaid tax refund, the claim has already been satisfied, because as the Velazquez Perez Response demonstrates, payment of the alleged tax refund has already been made. To the extent the Velazquez Perez Claim seeks to assert additional liabilities against HTA, the claim is deficient because it has not provided information sufficient to enable the Debtors to reconcile the claim, such as any explanation or basis for the liabilities allegedly asserted against HTA.

8. For the foregoing reasons, the Commonwealth respectfully requests that the Court grant the One Hundred Ninety-Fourth Omnibus Objection and disallow the Claims in their entirety, notwithstanding the Responses.

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³ Due to a typographical error in Exhibit A to the One Hundred Ninety-Fourth Omnibus Objection, the amount of the payment was listed as \$1,708.08. However, the amount of the deposit identified in the Commonwealth's records is \$1,708.00, which exactly matches the amount asserted in the Velazquez Perez Claim.

Dated: January 22, 2021
San Juan, Puerto Rico

Respectfully submitted,

/s/ Hermann D. Bauer

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